



Belgium Country Report

# EUFORI Study

European Foundations for  
Research and Innovation

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Research and  
innovation

**EUROPEAN COMMISSION**

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# **Belgium Country Report**

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# 1 Contextual Background

## 1.1 Historical background

In 2013, Belgian citizens gave about EUR 550 million in monetary donations to third-sector organisations (Defeyt 2014). Between 2005 and 2010, on average, 10 % of Belgian fiscal declarations mentioned a donation, with an average amount of EUR 201 per fiscal declaration (Dal Fior et al. 2013). However, although charitable giving has always been part of Belgian citizens' life, Belgium cannot be said to have a philanthropic tradition.

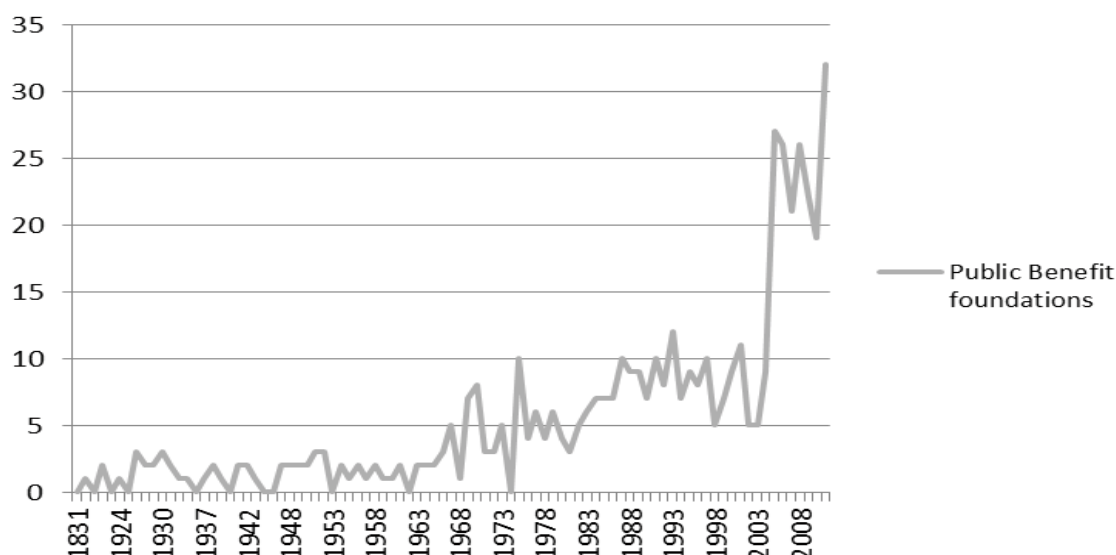
For a long time in Belgium, a country of Roman Catholic tradition, the public authorities were considered to have the only real democratic legitimacy, and the State was regarded as being responsible for being in charge of general interest missions. The traditional model of civil society was based on the State on the one hand, and on the Church on the other hand. Therefore, there was not much room left for an independent civil society between the State and the Church. Private initiatives for the common good were largely the result of the voluntary sector, often close to the Christian Social Party, which has been for a long time the dominant party in Flanders (CVP), and which was in the past more powerful than today in the French-speaking part of Belgium. The pillar of the lay Belgian community, with a very dominant Socialist Party in Wallonia, favoured public authority initiatives. In this context, there was no unanimous recognition of a third pluralistic sector where foundations would have had a clear and non-partisan place. Anheier (2001) considered the Belgian foundation sector to be a State-centred model, including a close supervision of foundations by the State.

The foundation sector in Belgium has been growing during the last decade with, among others, the impetus of a new law on foundations, which came into force in 2003. <sup>[1]</sup> As Figure 1 shows, the number of public benefit foundations created per year showed a fairly constant and low growth until the 1970s. In 1975, there was a peak and the number of public benefit foundations created each year increased. Heuschen (2003) explains this peak, among other reasons, by the creation of the King Baudouin Foundation in 1975, which promoted the status of foundations, and also the more available statistics at the Ministry of Justice. The highest peaks corresponds to the coming into force of the 2 May 2002 Law in 2003.

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1 2 May 2002, published in the Moniteur Belge on 11 December 2002.

**Figure 1: Evolution of the number of public benefit foundations created each year among the foundations existing at the end of 2011.**



Source: Mernier (2013)

The 2002 Law on foundations introduces a new type of legal status, i.e. the private foundation, and the existing status of the public-benefit foundation is clarified. The term 'private' in the new Law refers to the private objectives of this type of foundation, while both statutes are still private as regards the founder. Nevertheless, one feature of this Belgian Law allows a hybrid model: a private foundation acting in the public interest (Gijssels, 2008). At the end of 2011, 488 foundations with public-benefit status had been registered, as well as 725 foundations with private status. The total of assets held by the 15 biggest public-benefit foundations reached EUR 1 billion. In addition, more than 200 active funds were hosted within the King Baudouin Foundation.

Most Belgian foundations are created by individuals (Gijssels and Develtere 2006) and are mixed foundations (combining operating and grantmaking activities).

During the last decade, some studies have been carried out. In 2004, Develtere, Van Ootegem and Raymaekers were the first to map the Belgian sector of public interest foundations within the framework of a large survey of foundations in Europe which was set up under the commission of the Task Force of the European Foundation Centre. Two years later, trends and evolutions in the foundation sector in Belgium were mapped out by Gijssels and Develtere (2006) in *Foundations in Motion*. Foundations are not included as such in general socio-economic statistics, and no comprehensive public record of their assets, expenditure or activities is available. Gijssels and Develtere (2006) state that so far no government agency or department and no co-ordination or apex body from the sector has been charged with documenting the sector. In addition, academia has not been very interested in the sector either. Information on the Belgian foundation sector is thus very scarce.

The Belgian sector is characterised by a high level of heterogeneity, whether in terms of mission, assets or employees. The sector remains fairly unknown, and is still in its institutionalisation phase, with promo-



tion activities and restructuring operations carried out by the King Baudouin Foundation and the Belgian Network of Foundations. Ongoing Research by the University of Liège will shed more light on these issues. A study carried out by the Baillet Latour Chair in Philanthropy and Social Investment <sup>[2]</sup> at the University of Liège will lead to a database which will meet the shortcomings and will at least partly fill the gaps (Mernier and Xhaufclair 2014b).

## 1.2 The legal and fiscal framework <sup>[3]</sup>

The definition by the European Foundation Centre (2005) is the one generally accepted in Belgium (Develtere, 2004) for public benefit foundations: ‘foundations are separately-constituted nonprofit bodies with their own reliable source of income, usually but not exclusively from an endowment or capital, have their own governing board and use their financial resources for educational, health-related, social, research-oriented, cultural or other public benefit purposes either by making grants to third parties or operating their own programmes and projects’.

### 1.2.1 Legal framework

The freedom of association has its origins in the 27 June 1921 Law on nonprofit organisations and foundations in Belgium (‘Loi sur les associations sans but lucratif, les associations internationales sans but lucratif et les fondations’. 27 June 1921). More than ten years ago, the Law of 27 June 1921, already more than 80 years old, which granted a legal personality to nonprofit organisations <sup>[4]</sup> and public utility institutions was amended by the Law of 2 May 2002 (‘Loi sur les associations sans but lucratif, les associations internationales sans but lucratif et les fondations’ 2 May 2002), coming into force on 1 July 2003. Different reasons motivated this evolution of the legal framework, among others were its content being contrary to European legislation and the semantic confusion associated with the term ‘foundation’ (Heuschen (2003)). The 2 May 2002 Law granted a personality to nonprofit organisations, international nonprofit organisations and foundations. Gijselinckx and Develtere (2006) identified this evolution of the legal framework as a pivotal moment in the Belgian foundation sectors.

According to the 2 May 2002 Law, a foundation is a legal structure to which the founder brings money/heritage (the minimum amount or the nature of the funds are not set by law) in order to realise a disinterested predefined purpose. A foundation cannot give any material gain to the founders, the administrator or other person (unless it is a disinterested goal). The founder can be one or more natural person or legal entity (public authorities, enterprises or associations). The constitution of a foundation is set up by a deed when the founder is alive, or according to a will in the case of the founder’s death. To be recognised as a public utility foundation, an organisation has to follow one of the seven following objectives: philanthropic, religious, scientific, artistic, pedagogic, cultural and philosophical. A public utility foundation is recognised by royal decree after approval by the Ministry of Justice. A private foundation can pursue a private goal and/or a public interest goal. The objectives of purely private foundations are, for example,

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2 [www.chaire-philanthropie.be](http://www.chaire-philanthropie.be)

3 This section is based on Gijselinckx & Develtere (2006).

4 Association sans but lucratif (ASBL) in French; vereniging zonder winstoogmerk (VZW) in Dutch.



to maintain a familial heritage (via securities certification) or to ensure the care of a disabled child. Private foundations are also allowed as a legal form for trust offices to certify shares.

Heuschen (2003) presents five major differences resulting from this 2002 amendment: denomination change, additional objectives, protection of the 'foundation' appellation, introduction of the private foundations status and the division of the foundation sector into three types according to the size of the foundations. One of the objectives of this Law was to achieve greater transparency (Gijssels and Develtere 2006) from a legal and accountable point of view. Furthermore, this amendment also supports the development of a stronger identity of the foundation sector compared to nonprofit organisations.

First, before the 2002 Law, a foundation was identified under the appellation 'Public Utility Establishment'. The latter term becomes 'Public Benefit Foundation' specifically in order to avoid any confusion with 'Public Establishment'.

Second, the amendment also extended the list of goals that a foundation has to reach to be recognised as a public utility foundation by the Ministry of Justice. Cultural and philosophical goals were added to the five existing goals: philanthropic, religious, scientific, artistic and pedagogic.

The third change brought about by the new Law was the protection of the 'foundation' denomination. The aim was to clarify the distinction between foundations and other public interest establishments or nonprofit organisations. The latter could indeed use the 'foundation' label to benefit from the related reputation without any legal entanglements. Only organisations with the legal status of a foundation in the sense of the 2 May 2002 Law are authorised to include the term 'foundation' in their name. Nevertheless, as Heuschen (2003) notes, the coercive capacity of this measure could be doubted.

Finally, the last amendment Heuschen mentions is the division of the foundation sector regarding the size of the foundations: small foundations, big foundations and very big foundations. The criteria used are the number of employees, total assets and annual revenue. To be considered as being 'very big', a foundation has to have more than 100 full-time or equivalents members of staff on average, or to fulfill one or more of the three following criteria: 50 full-time members of staff, EUR 6 250 000 annual revenue or EUR 3 125 000 total assets. A 'big' foundation is a foundation that does not meet the criteria of the 'very big' foundations and which comprises one or more of the three following elements: 5 full-time members of staff, EUR 250 000 annual revenue or EUR 1 000 000 total assets. Finally, 'small' foundations are those that do not fulfil the 'very big' or 'big' conditions.

This division according to foundation size corresponds to specific accountability requirements: very big and big private foundations have to deposit their annual accounts at the National Bank of Belgium, Centrale des Bilans, whereas small private foundations have to deposit their annual accounts with the clerk of their corresponding court office. As far as public benefit foundations are concerned, they all have to deposit their annual accounts with the clerk of their corresponding court office, whatever their size. Nevertheless, most of the biggest public benefit foundations already deposit their annual accounts at the National Bank of Belgium, even if they are not required to do so. In addition, only 'large' foundations are required by law to appoint an auditor to monitor their financial situation and their annual accounts.

### 1.2.2 Fiscal framework

In Belgium, foundations enjoy an advantageous tax system through which they are subsidised by the government.

Two levels of tax benefits can be distinguished in the life of a foundation: at the level of the foundation's capital and at the level of the donations and bequests given to the foundation. At the level of the foundation itself, the tax regime applied is the limited tax system of a legal person (Article 220 of the income tax code). As a nonprofit organisation, a private foundation has to pay an annual tax of 0.17 % on its patrimony, while a public utility foundation is exempt from paying this tax, as are private foundations which certify corporation securities. In addition to its initial capital, a foundation can receive money from two main different sources: a gift or a bequest. The corresponding tax treatment differs according to the foundation type, the money's source and the donor's place of residence of (see Table 1).

Donations to foundations are encouraged as they are tax-deductible. Donors can receive a tax certificate if their donation is EUR 40 or more and if the foundation has applied to the Ministry of Justice for permission to issue tax certificates for donations. <sup>[5]</sup>

**Table 1: The fiscal regime of foundations in Belgium**

Legal status	Source	Wallonia	Brussels	Flanders
Public benefit foundation	Gift	7 %	6.6 %	5.5 %
	Bequest	7 %	6.6 %	8.5 %
Private foundation	Gift	7 %	7 %	5.5 %
	Bequest	7 %	12.5 % or 25 % <sup>[6]</sup>	8.5 %

Source: Mernier (2013)

## 1.3 The foundation landscape

### 1.3.1 Foundations in Belgium

Today, apart from the Kruispuntbank van Ondernemingen/Banque Carrefour des Entreprises (BCE), which lists all the legal status of companies, there is no centralised database on the foundation sector at a national level, so several data sources have to be combined to present an overview of this sector in Belgium. If the Ministry of Justice provides the list of the public benefit foundations, the data corresponding to the private foundations, the accounting data and the employment data for both types of foundation should

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5 Natural persons were not allowed to deduct more than 10 % of their net taxable income or EUR 353 000 for the fiscal year 2012 (this amount is indexed annually). The tax benefit was 45 % of the value of the gift, which means that the net value paid out of pocket was 55 %. (EFC / TGE, 2014). For private companies the equivalent amounts are 5 % of the net taxable income or EUR 500 000 (this amount is not indexed). The foundation must deliver a quittance to the donors, and either a copy of the tax certificates issued or a summary list or certificate to the competent documentation centre of the Administration of Corporate and Income Tax (Gijssels and Develtere 2006).

6 25% if the foundation do not have any fiscal agreement.

be collected from other agencies such as the National Bank of Belgium (NBB/BNB) and the National Social Security Office (RSZ/ONSS).

At the end of 2011, 725 private foundations were listed along with 488 public benefit foundations. More precisely, all the organisations still existing in 2011 have been looked at; this means that foundations created before 2011 but also dissolved before 2011 were not included. The foundation sector in Belgium is clearly growing, as in 2011 the number of public benefit foundations had increased from 310 (Anheier 2001) to 488, representing a growth of 57 %. Furthermore, as population of Belgium on 1 January 2012 was 11 035 94 <sup>[7]</sup>, the number of public benefit foundations per 100.000 inhabitants at the end of 2011 was 4.4, compared with 3 foundations per 100 000 inhabitants in 2001 (Anheier 2001). The average age of a public benefit foundation in Belgium is years.

Half of the private foundations are located in Flanders and only 16 % of them are located in Wallonia. For public benefit foundations the division is different, as more than half of the public benefit foundations are located in Brussels. In 1999, Marée and Mousny (2001) calculated a proportion of 52 % of public benefit foundations as being located in Brussels. Interestingly, in more than 15 years, the concentration of public benefit foundations in Brussels has remained the same. Heuschen (2003) also reached the same conclusion of a higher concentration of public benefit foundations in Brussels, and argued that this was mainly due to the fact that Brussels is the capital of Belgium, as well as the capital of the European Union.

**Table 2: Division of the number of the public benefit and private foundations across the three regions in Belgium per 100 000 inhabitants at the end of 2011.**

Legal status	Brussels	Flanders	Wallonia	Belgium
Public benefit foundations	23.4	1.6	3.4	4.4
Private foundations	21.8	5.7	3.1	6.5

Source: Mernier (2013)

Table 2 shows that in the regions of Brussels and Wallonia, the number of private foundations and public benefit foundations per 100 000 inhabitants is quite close, as opposed to Flanders, where the number of private foundations registered per 100 000 inhabitants is more than three times higher than the number of public benefit foundations. The high number of private foundations in Flanders corresponds to the idea developed by Heuschen (2003), for whom the demand for a legal vehicle as private foundations would come from the Flemish's employers circles in order to facilitate the familial enterprises transmission. If we analyse Table 2 horizontally, Wallonia presents a higher number of public benefit foundations per 100 000 inhabitants than Flanders, while Brussels exceeds the two other regions with 23.4 public utility foundations per 100 000 inhabitants.

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7 Source : [http://statbel.fgov.be/fr/modules/publications/statistiques/population/population\\_-\\_chiffres\\_population\\_2010\\_-\\_2012.jsp](http://statbel.fgov.be/fr/modules/publications/statistiques/population/population_-_chiffres_population_2010_-_2012.jsp)

Created in 2004, the Belgian Network of Foundations (<http://www.reseaufondations.be/>) unites more than 80 foundations active in Belgium in a wide variety of areas. The network has public utility foundations, private foundations and foreign foundations as members. It aims to create the right conditions in order to make philanthropy and the foundation sector flourish in Belgium. To do this, the network makes working groups accessible to its members. There are working groups entitled 'Governance', 'Legal issues of foundations' and 'Finance, accounting and insurance'.

### 1.3.2 Focus on the research and innovation foundations

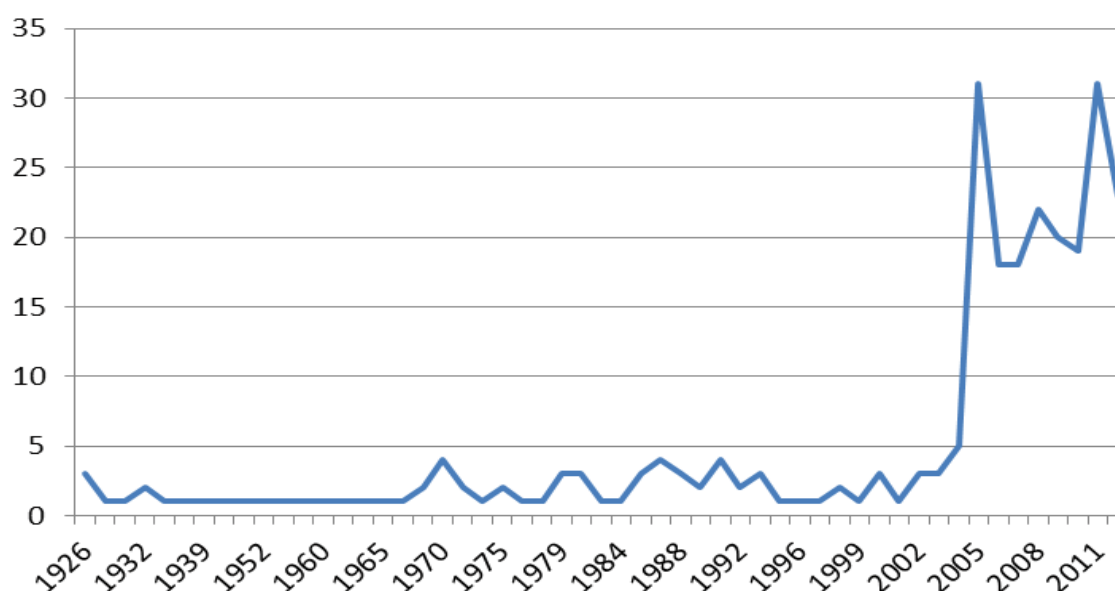
In Belgium, as much as in other countries, foundations see themselves as major catalysts of modern philanthropy and innovation in the country. They mobilise and generate resources for a variety of public goods. They give preference to certain domains in society that create images of the future (for example, arts and culture or social science) but that are also vectors of social change (for example, voluntarism, civil society). This choice of philanthropy and innovation is also reflected in the types of support the foundations use. Develtere et al. (2004) reported that 5 % of expenditure goes on research. Gijssels and Develtere (2006) reported 10 %.

Based on the mission statement given in the articles published in the 'The Belgian Bulletin of Acts, Orders and Degrees' <sup>[8]</sup>, it is possible to make an initial identification of R&I foundations out of the existing foundations. An estimation of 265 R&I foundations was made at the end of 2012; this corresponded to 25 % of the 1 036 public-benefit foundations listed on the same date. Out of these 265 R&I foundations, half of them had the legal status of a public-benefit foundation, and the other half the legal status of a private foundation. These R&I foundations are predominantly based in Brussels (47 %), while 36 % are located in Flanders and 17 % in Wallonia. The R&I Belgian foundations were mainly created during the last decade, as shown in Figure 2. Half of the existing R&I foundations at the end of 2012 had been created after 2006. As mentioned previously, in 2002 there was a crucial change in legislation, and the creation of the new legal status of private foundation probably contributed to this growing trend.

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8 The Belgian Bulletin of Acts, Orders and Degrees is an official publication of the Belgian State listing all Belgian Laws, Royal Decrees, Decrees, the establishment of associations, and so on. It is called Het Belgisch Staatsblad (Dutch), Le Moniteur Belge (French) or Das Belgisches Staatsblatt (German).

**Figure 2: Evolution of the number of R&I foundations created each year up to (31 December 2012)**



Source: Mernier And Xhaufclair (2014B)

For 66 % of the R&I foundations, it was possible to identify the type of R&I based on the mission statement; out of them almost half of the foundations supported research (30 % applied research and 16 % fundamental research), as shown in Table 3 below.

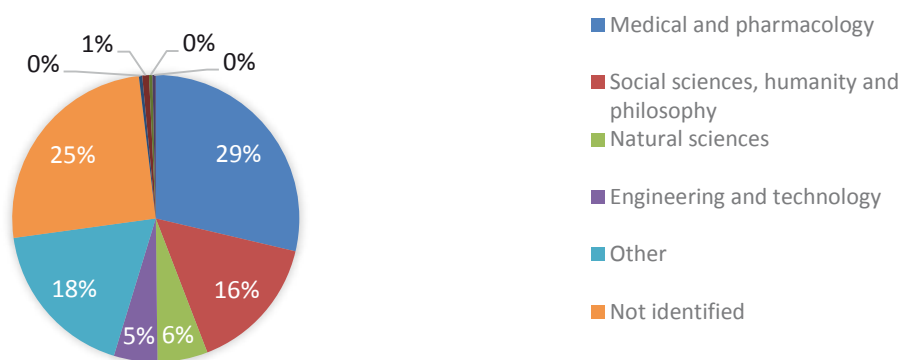
**Table 3: R&I foundations according to type**

Type	Number	%
Applied research	79	30 %
Dissemination of research	8	3 %
Education	13	5 %
Fundamental research	43	16 %
Innovation	17	6 %
Knowledge transfer	14	5 %
Not identified	91	34 %
<b>Total</b>	<b>265</b>	<b>100 %</b>

Source: Mernier And Xhaufclair (2014B)

The areas of activity of the R&I foundations are shown in Figure 3. Based on the mission statement, we managed to classify 75 % of our sample in 6 areas of activity. Almost one third of the R&I foundations are active in medicine and pharmacology, 15 % in social science, the humanities and philosophy, and 5 % in engineering and technology. [Figure 3](#)

**Figure 3: Activity domains of R&I foundations (31 December 2012)**



Source: Mernier And Xhaufclair (2014B)

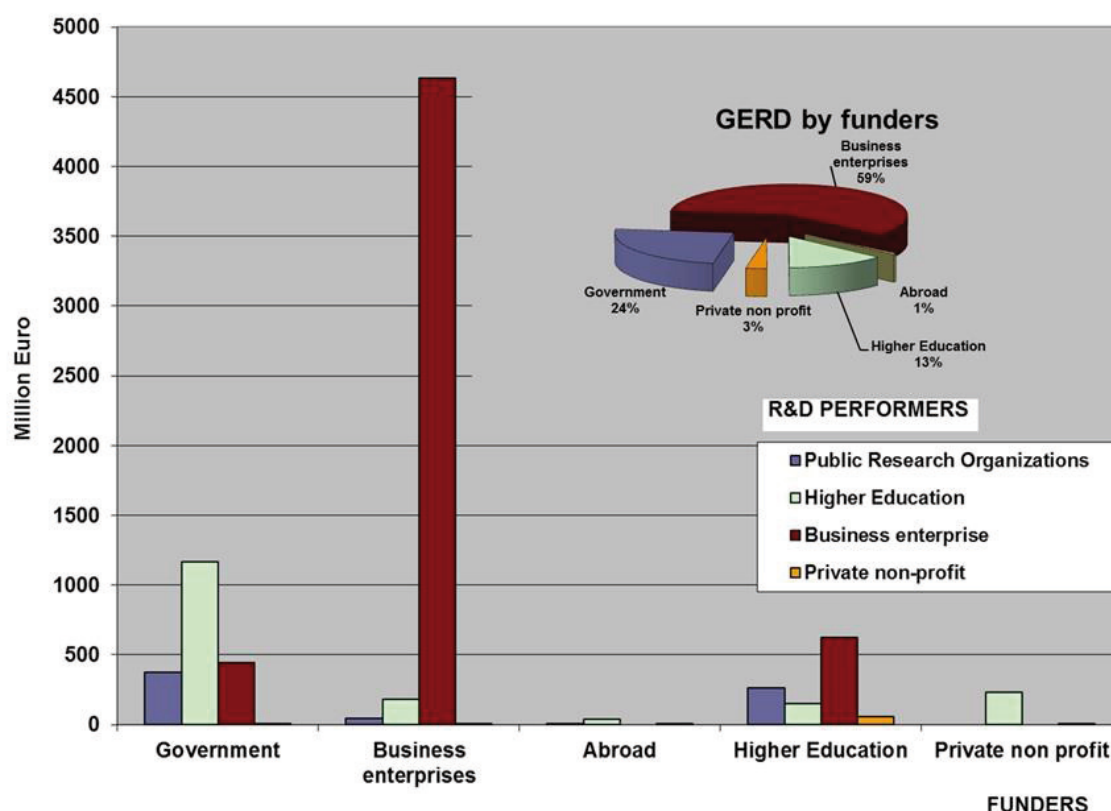
Most of the R&I foundations are active within the European Union (90 %), only 4 % are active outside the EU, while 3 % have a range in Europe and beyond.

## 1.4 Research/innovation funding in Belgium

There is a general consensus in Belgium about the critical importance of fostering the innovation-based competitiveness of Belgian businesses. This has been reflected by all political entities in the development of sophisticated and comprehensive policy reviews at national and regional levels, as well as in significant budgetary efforts in favour of R&D on the part of all political entities, especially between 2005 and 2009. The latest final figures for research and development (dating from January 2014) indicate that Belgium in 2012 invested 2.24 % of its GDP in R&D. This is a historical record for the country and a trend that is in line with the EU target of 3 % for 2020.

The various different funding systems in Belgium cannot easily be captured in one figure. The diagram below (source Eurostat) depicts the overall picture for Belgium in 2012. R&D funding in Belgium flows indeed through the various governmental and non-governmental bodies at the federal, regional and community levels, to reach public and private R&D agencies. All State entities independently determine their R&D spending and thus, the federal, Walloon, Wallonia-Brussels Federation, Brussels-Capital and Flemish governments all define their own funding system according to their unique needs and rules.

**Figure 4: The Belgian funding landscape**



Source: EUROSTAT, 2012

The Federal Government funds research programmes of national interest, the largest one being space research. In addition, R&D tax deduction schemes (for example, R&D tax credits) and exemptions on the advanced payment of wages for researchers have also been developed and administered at a federal level.

The different regions fund their specific policies through their own agencies. The Walloon Region and the French Community are two separate entities, thus causing a split between scientific and fundamental research policy on the one hand, and applied and industrial research on the other. The former is governed by the Ministry of the Wallonia-Brussels Federation, with the main fund being F.R.S-FNRS, and the latter by the Walloon government, with DGO6 as the key funding agency. In the Walloon Region the focus has been on supporting a limited number of competitiveness poles (a cluster approach).

The Flemish R&D system is governed by the Department of the Economy, and Science and Innovation (EWI). The government directly funds the HEIs, both for research and education (see the Section on Research Funders). Apart from basic funding, the main additional funding source for HEI research is allocated via FWO-Vlaanderen. The key funding agency for innovation is IWT. In 2007, The Hercules Foundation was set up to provide funding for large research infrastructures. The presence of some large multinational companies in Flanders has boosted the private funding of R&D; however, the amount of private R&D is decreasing. In the Flemish Region, the willingness to address through innovation some specific societal challenges is the main driver of research and innovation policy.



Brussels-Capital's R&D policy is governed by the Ministry of the Brussels-Capital Region, and the main funding body is INNOVIRIS. In the Brussels Capital Region, an updated innovation strategy including a 'smart specialisation' approach was launched in 2012 (Research and Innovation, 2013).

On the Innovation Union Scoreboard 2013, Belgium is considered, together with Austria (AT), Cyprus (CY), Estonia (EE), France (FR), Ireland (IE), Luxembourg (LU), the Netherlands (NL), Slovenia (SI) and the United Kingdom (UK) as 'Innovation followers', with innovation performance above or close to that of the EU average.

The Belgian country profile of the Research and Innovation project (2013) describes the country as having a 'very high quality research system, as reflected by its third highest score among all EU Member States on the S&T Excellence index. Belgium has been able to exploit this strength to its economic advantage in several sectors. A particularly good performance is visible in the bio-pharmaceutical sector, where high scientific quality, business investment, product innovation and trade performance reinforce each other. Moreover, several service sectors, such as computer-related and other business services, strongly contribute in Belgium to a structural change towards a more knowledge-intensive economy, notably through the growth of innovative firms' (Research and Innovation, 2013).

However, the report states, despite these very positive sectoral dynamics, Belgian R&D intensity stagnated during the period 2000–2011, and there was even a decline in business expenditure on R&D, especially between 2001 and 2005. This is due to a de-industrialisation trend, which has notably affected several high-tech and medium-high-tech manufacturing sectors. This de-industrialisation trend has been accompanied by a rapid deterioration of the Belgian trade balance since 2002, showing that the strengths of the services and of the bio-pharmaceutical sectors cannot alone support Belgium's competitiveness (Research and Innovation, 2013).

In the survey carried out in 2004 by Develtere et al., almost one out of five of the responding foundations (19 %) were identified as government-connected foundations which were established to look after public goods such as education, art or energy. This is also the way the 'Fonds voor Wetenschappelijk Onderzoek' (the Flemish FWO) and the 'Fonds de la Recherche Scientifique' (the Walloon FNRS) operate.

#### **1.4.1 Focus on three pivotal organisations for R&D funding in Belgium**

The FWO and FNRS are two crucial tools for funding R&I in Belgium. Their main task is to stimulate scientific development. The means to achieve this is to finance top scientists and research projects after an inter-university competition and an evaluation by foreign experts.

The F.R.S.-FNRS was established in 1928 on the initiative of King Albert I as an Institution of Public Interest to promote scientific research in Belgium as a whole. The organisation was initially privately funded, but after WWII it was partly subsidised by the Government within the scope of funding universities. In 1988, its funding was mainly taken over by the Cultural Communities. In 1992 the Fund took on a confederal structure. The changes due to the transformation of Belgium to a Federal State were integrated into the

structure of FNRS, and today it is devoted to the development of research in the French-speaking Community of Belgium (despite 'national' being in its name). The FWO, 'Fonds voor Wetenschappelijk Onderzoek – Vlaanderen' (FWO) or Research Foundation – Flanders, is the Flemish-speaking continuation of the National Fund for Scientific Research (NFSR). The FWO became a separate Public Utility Foundation by Royal Decree on 20 January 2006.

The FWO is administered by a Board of Trustees, which consists of representatives from Flemish universities and research organisations, private R&D performers, representatives from the Flemish administration and Ministries, and the Flemish socio-economic arena.

The FNRS is run by a Board comprising the rectors from Belgian French-speaking universities and the permanent secretaries from various scientific academies.

The resources of the Funds are still provided by local governments (Flanders and Wallonia, respectively).

The Federal Government also subsidises a part and provides additional resources through their exemption from advanced tax payment and social security contributions. The National Lottery also contributes, as do individuals and private organisations.

For instance, as far as the FNRS is concerned, funds come mainly from the French Community (approximately 63 %), the federal authorities (approximately 23 %), the regional authorities (approximately 3 %), but also from private donations and the TELEVIE operation. The FRNS 2010 budget was EUR 153 million.

The Research Foundation FWO has a budget of EUR 191 million (2010) from the following sources:

- The Flemish Government, including grants for large infrastructure, international mobility and humanitarian actions, accounting for 72 % (EUR 137 million) and a special grant of 6 % from the National Lottery (EUR 12 million).
- The Federal Government sources funding from science policy (4 % – EUR 8 million); social security and health (1 % – EUR 2 million) and economic affairs and energy (1 % – EUR 2 million)

About 16 % of the budget is generated by a number of Belgian fiscal and parafiscal measures.

The King Baudouin Foundation, created in 1975 to commemorate 25 years of King Baudouin's reign, is another major philanthropic player in Belgium, having a crucial role in R&D support. In terms of assets, the King Baudouin Foundation is the biggest foundation in Belgium. Furthermore, it has always played an innovative and active role in the foundation sector in Belgium. The King Baudouin Foundation is also part of the European Foundation Centre and was at the origin, with 6 other organisations, in 2004 of the creation of the Belgian Foundation Network.

In addition to its direct philanthropic activities as a public benefit foundation, the King Baudouin Foundation hosts funds. These funds represent an growing part of the sector in terms of numbers and assets.

They are managed by the King Baudouin Foundation on behalf of the founder during her/his lifetime of after her/his death. The King Baudouin Foundation hosts three types of funds: name specific funds, specific funds and corporate funds; they can be with or without capital. Since 1990, the number of funds hosted by the King Baudouin foundation increased and reached a total of 451 funds at the end of 2011, of which 272 funds were considered active at the end of 2011.

### 1.4.2 An example of cancer research funding in Belgium

An interesting example of the respective R&D contributions of funding players in Belgium can be seen in the cancer research field. Table 4 below shows the expenses of both public and private funding organisations (note that FWO and FNRS are considered public funding organisations, as these are mostly funded by public authorities). In total, about EUR 94 million was dedicated to cancer research, of which 18 % came from philanthropic sources.

**Table 4: Belgian funding players**

<b>Public authorities funding (2012)</b>		<b>Philanthropic funding (2012)</b>	
National Plan against cancer	25 000 000 €	Televie	8 000 000 €
Belspo	2 000 000	Fondation contre le cancer	6 500 000
IWT	5 769 509	Universities	4 100 000
FWO	5 000 000	Vlaamse Liga tegen Kanker	1 500 000
BOF	7 000 000	FRB	467 500
VIB	5 800 000	Fournier-Majoie	542 857
FNRS	10 721 000		
BIOWIN	7 000 000		
WELBIO	2 100 000		
EU	2 640 082		

# 2 Data Collection

## 2.1 Identification of foundations supporting R&I

The main source of information on Belgian R&I foundations was the Belgian Bulletin of Acts, Orders and Decrees. The foundations were chosen based on a selection of foundations in this Belgian Bulletin. The Bulletin contains information on foundations such as contact information, legal form, but also their goals, which allowed the pre-selection of foundations possibly involved in R&I activities. As Belgium is officially a bilingual country (even trilingual, but the German-speaking community is small compared to the others), invitation letters were sent out in Dutch and in French: 223 foundations received a letter in Dutch and 418 foundations received a letter in French. As the information provided in the Bulletin does not always give correct information on whether or not these foundations are active in the field of research and innovation, they were asked to what degree they were involved in R&I activities. Ninety-two (92) foundations received a letter and questionnaire in Dutch and thirty-three (33) foundations received an invitation letter and questionnaire in French.

## 2.2 The survey

In total, 641 foundations received a letter (223 in Dutch and 418 in French). A total of 125 foundations received a letter and a questionnaire (92 in Dutch and 33 in French). The foundations were asked to fill in the questionnaire by 12 July. They also received a reminder phone call. Thirty foundations received a phone call.

Half of the 68 responding foundations reported that they supported R&I in 2012. Out of these foundations, 19 (or 56 % of the foundations active in R&I) were specialised in research. Six foundations (18 % of the foundations involved in R&I) reported they were active in innovation, and 9 (or 26 % of the R&I foundations) were active in both research and innovation. This is only a small share of the estimated 265 R&I foundations reported in Section 1.3.2. The 34 foundations reported in Chapter 3 represented 12.8 % of the number of estimated R&I foundations in 2012.

## 2.3 Additional data

The data of this report rely on different sources. The questionnaire from the EUFORI research is one of these sources. The results are provided in Chapter 3. This information was completed by information collected by the Baillet-Latour Chair of the University of Liège (ULg). Founded in 2011, the 'Baillet-Latour Chair on Social Investment and Philanthropy' resulted from a partnership between the Centre for Social Economy (HEC-ULg) and the InBev-Baillet Latour Fund. This collaboration aims to promote a systematic reflection on the various forms and aspects of social investment and philanthropy. Its research programme focuses on the practices of foundations in general. The data provided in Chapters 1 and 4 are based on insights developed by the 'Baillet Latour Chair on Social Investment and Philanthropy'.

The data provided in Chapter 1 , Section 1.3.2 about R&I foundations in Belgium come from different sources. Indeed, today, apart from the Banque Carrefour des Entreprises (BCE), which lists all the legal statuses of companies, there is still no centralised database on the foundation sector at a national level. If the Ministry of Justice provides a list of public benefit foundations, the data corresponding to private foundations, as well as the accounting and employment data for both types of foundation, should be collected from other agencies such as the National Bank of Belgium and National Social Security Office. To identify the R&I foundations, the legal statuses of all the foundations were collected and the mission statements classified according to the R&I categories; the coding was carried out independently by three researchers.

The examples of innovative R&I Belgian Foundations provided in Chapter 4 come from exploratory interviews carried out in the philanthropic sector in Belgium (Mernier and Xhaufclair, 2014a). Xhaufclair and Mernier conducted 18 exploratory interviews between January and April 2014, with either the founder(s) if still alive, or the Board President or General Secretary. These interviews focused on the origins and history of the founders and his/her/their foundation, their means of granting or operating, the governance and management of the foundation and the challenges they faced or are facing. All the interviews were recorded and transcribed. Additional documents were collected for each foundation, if available (status, internal rules, activity reports and so on).

In order to account for the heterogeneity of the sector, the sample of foundations included public-benefit foundations and private foundations, as well as the hosted funds at the King Baudouin Foundation. In addition, the variety of the organisations' forms of action were taken into account for operating, grantmaking, mixed and venture philanthropy foundations. The sample also included old foundations (created in the 1950s) and very recent ones (created in 2013). The fields of activities are diverse, as is the geographical range. The sample is also heterogeneous in terms of size, with foundations having a big endowment (which only use the return on their invested capital) and foundations with a small amount of capital (which possibly have to carry out additional fundraising).

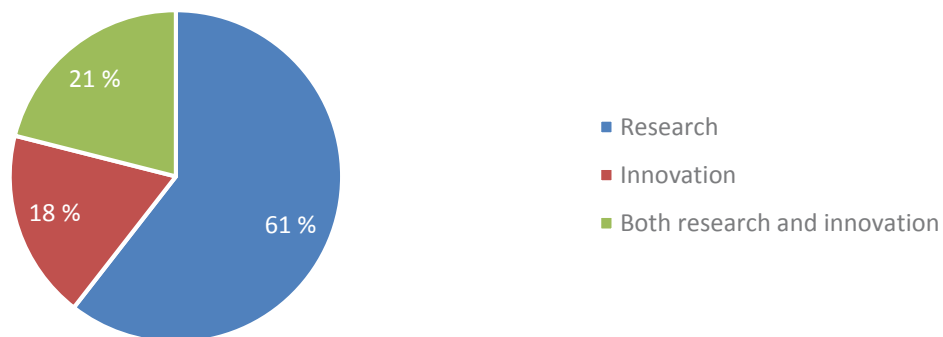
# 3 Results

## 3.1 Types of foundation

Half of the 68 responding foundations reported that they supported R&I in 2012. Out of these foundations, 23 (or 61 % of the foundations active in R&I) were specialised in research (see Figure 5). Seven foundations (18 % of the foundations involved in R&I) reported being active in innovation, and 8 (or 21% of the R&I foundations) were active in both research and innovation.

**Figure 5: Types of foundation according to research and/or innovation, 2012**

As a percentage of the total number of foundations (N=34)



In total, 30 % (5 foundations) out of the 17 foundations considered exclusively dealt with research and innovation activities in 2012. R&I spending was predominant (50 % or more) for 7 out of the 17 foundations that provided data on this topic. The remaining 5 foundations mainly focused their expenditure on purposes other than R&I.

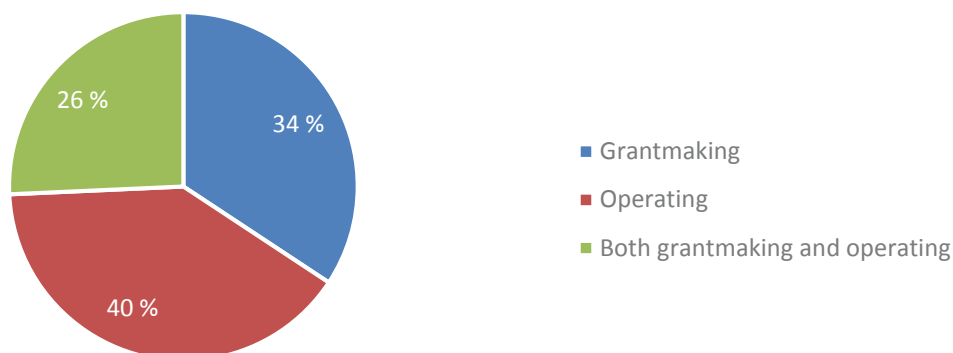
**Figure 6: Types of foundations according to purpose**

As a percentage of the total number of foundations (N=17)



The responding Belgian foundations showed a balance between grantmaking and operating foundations. Twelve foundations (34 %) were grantmaking, and fourteen foundations were operating. The remaining nine foundations reported carrying out both operating and grantmaking activities.

**Figure 7: Types of foundations; grantmaking vs. operating**  
As a percentage of the total number of foundations (N=35)



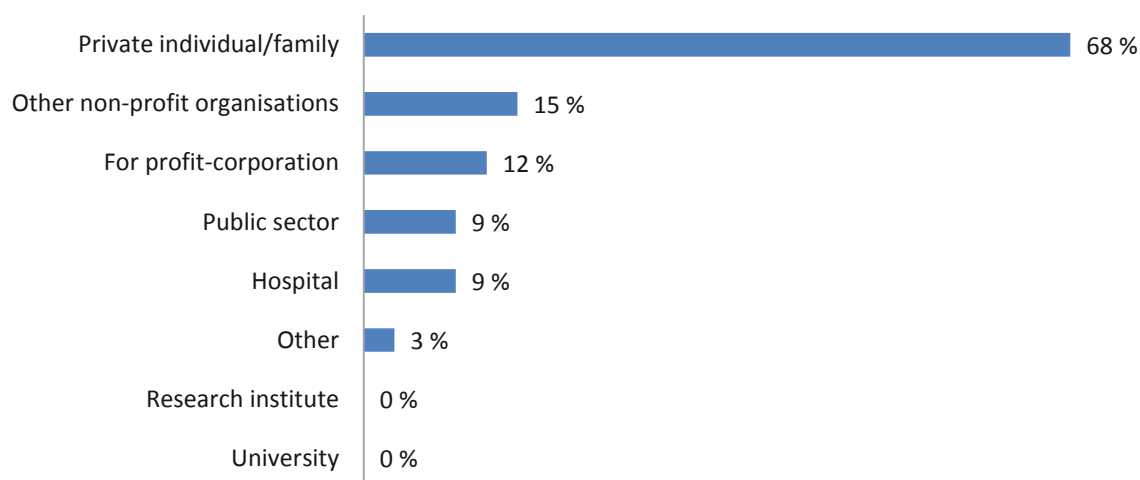
## 3.2 Origins of funds

### 3.2.1 Financial founders

The most important financial founders in Belgium proved to be private individuals, followed at a large distance by nonprofit organisations, for profit-corporation and the public sector (see Figure 8). Two out of three of the foundations involved in R&I are privately funded.

**Figure 8: Financial founders, 2012**

As a percentage of the total number of foundations, multiple answers possible  
(N=34)

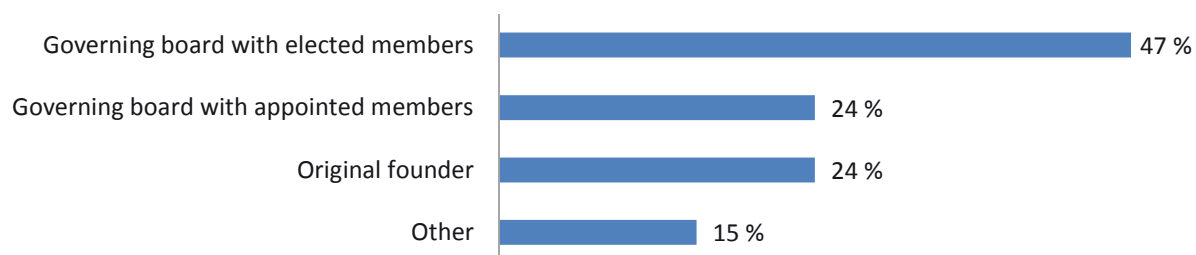


As shown in Figure 8, the most important financial founders in Belgium proved to be private individuals. In most cases, the foundations reported that their annual strategy is decided on by a Governing Board. This is either a Board with appointed members (24 %, or 8 foundations) or a Board with elected members (47 %, or 16 foundations). Eight foundations reported that the original founder of the foundation defines the annual strategy.



**Figure 9: Defining annual strategy financial founders, 2012**

As a percentage of the total number of foundations, multiple answers possible  
(N=34)

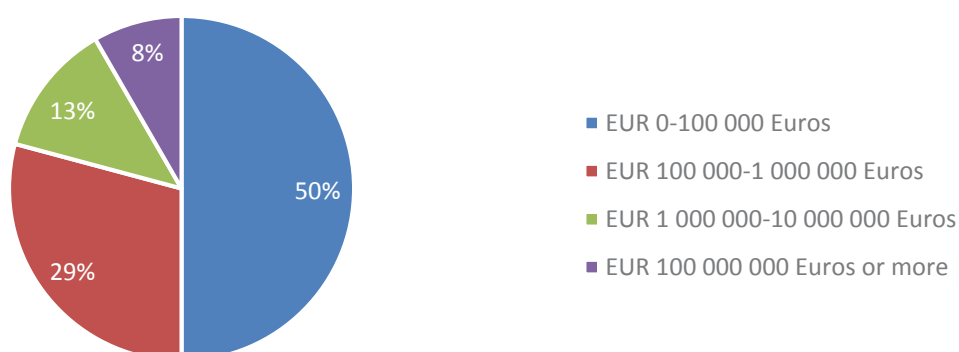


### 3.2.2 Income (total income )

The size of the Belgian foundations oriented towards R&I is fairly unbalanced. According to the amounts reported in the survey, the R&I-oriented foundations spent around EUR 424 million in 2012 in total. The largest share of the reporting foundations (12 foundations, or 50 %) declared an income of less than EUR 100 000. Only two foundations declared an income of EUR 100 000 000 or more. The distribution of income is, however, very distorted. The largest reporting foundation accounts for 58 % of the total amount reported. The cumulative income of the largest and the second largest foundation is 97.8 % of the total amount reported.

**Figure 10: Total income by categories in Euros, 2012**

As a percentage of the total number of R&I foundations (N=24)



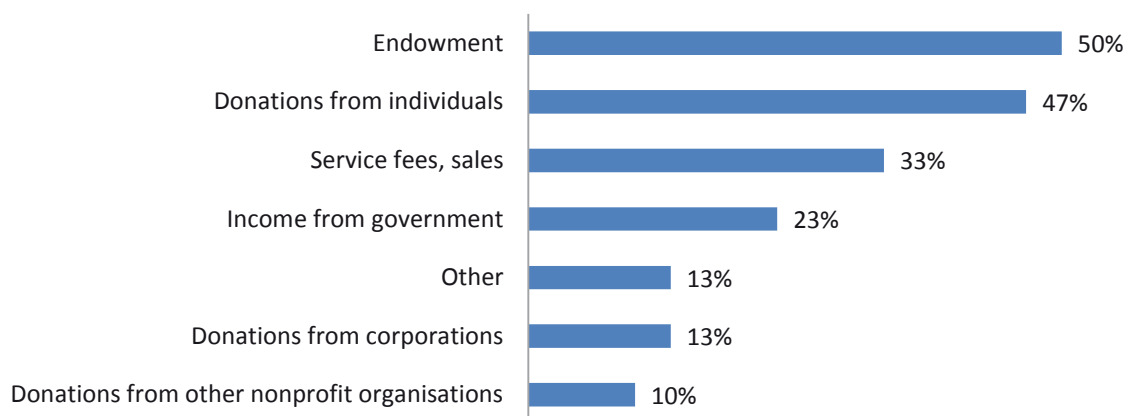
Statistics Income	
Number of foundations	24
Mean in Euros	17 663 616
Median in Euros	110 000
Total income in Euros	423 926 774

A closer look at the revenues of the R&I-related foundations shows a huge difference in income of the different foundations studied. As mentioned above, the largest reporting foundation accounts for 58 % of the total amount reported by the foundations involved in this study. The cumulative income of the largest and the second largest foundation is 97.8 % of the total amount reported.

The most reported revenue source for Belgian foundations is income from endowments. 15 foundations (50 %) reported receiving income from an endowment. Other commonly reported income sources are donations from individuals (47 %), service fees and sales (33 %), and income from the government (23 %). Income from the government was reported by only 7 foundations, but as a share of total income, it stands out from the other income sources, as 90 % of all income originates from the government. The two largest foundations in terms of income rely heavily on government income, and therefore have a major influence on the income distribution.

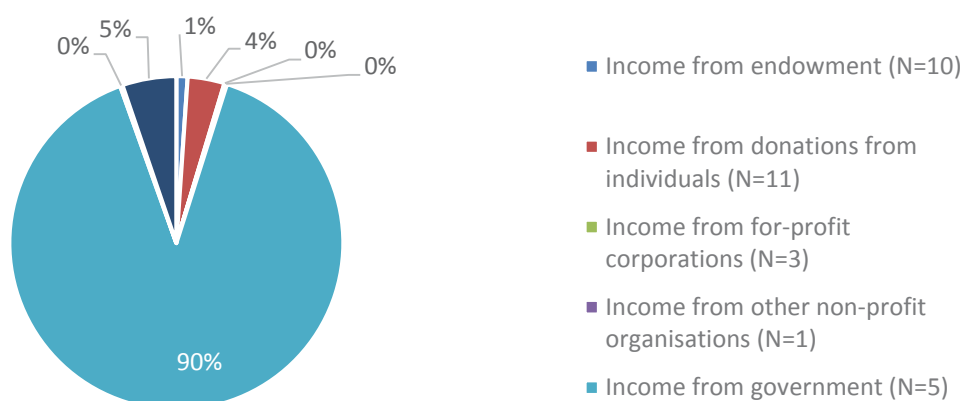
**Figure 11: Sources of income, 2012**

Total number of R&I foundations, multiple answers possible (N=30)



**Figure 12: Sources of income**

As a percentage of the total (known)\* income

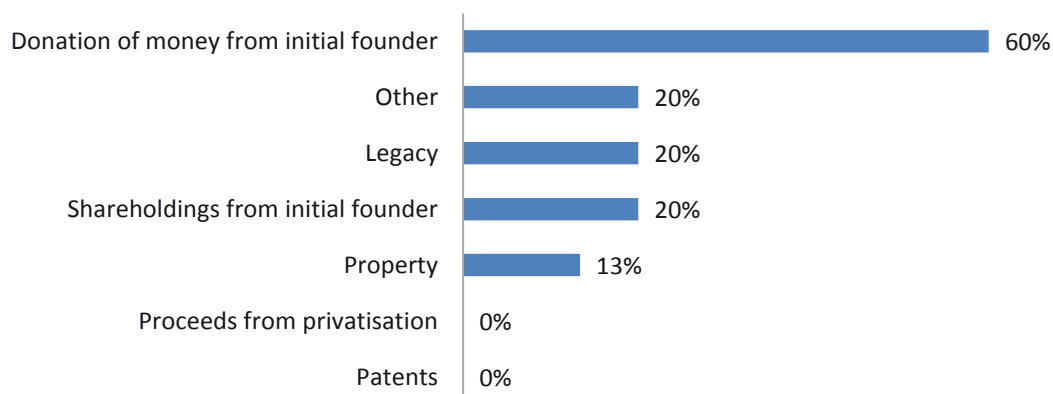


Source of income	Amount in Euros
Income from endowment (N=26)	4 534 996
Income from donations from individuals (N=22)	14 900 689
Income from for-profit corporations (N=9)	377 041
Income from other nonprofit organisations (N=7)	675 129
Income from the government (N=3)	374 119 882
Income from service fees and sales (N=2)	983 769
Income from other sources(N=10)	21 853 357
Unknown	6 481 911
<b>Total income</b>	<b>423 926 774</b>

Nine out of the 15 foundations (60 %) that answered this question reported that their endowments originate from a donation or money from the initial founder. A legacy (20 %) and shareholdings from the initial founder (20 %) were also mentioned as the origin of their endowments.

**Figure 13: Origins of endowment, 2012**

Total number of R&I foundations, multiple answers possible (N=15)

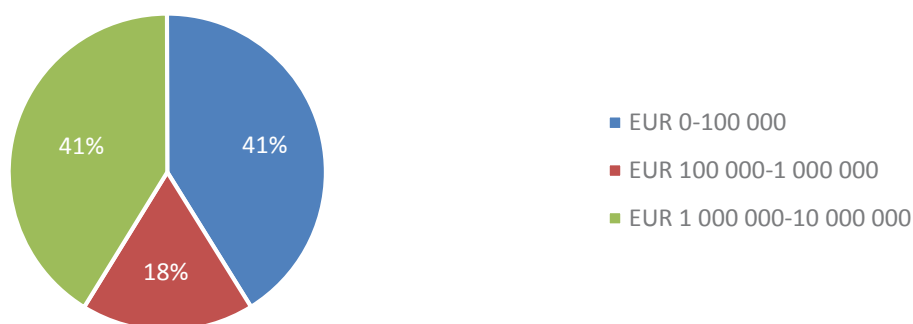


### 3.2.3 Assets

According to the respondents to the EUFORI survey, the amount of the total assets was EUR 12.8 million in 2012. The majority of foundations had assets of up to EUR 1 million. Seven foundations (41 %) reported assets of more than EUR 1 million. There is also a considerable imbalance in the distribution of assets: the top five foundations accounted for 77 % of the total assets.

**Figure 14: total assets, 2012**

Total number of R&I foundations, amounts in Euro (N=17)



Statistics Assets	
Number of foundations	17
Mean in Euros	756 417
Median in Euros	192 082
Total income in Euros	12 859 085

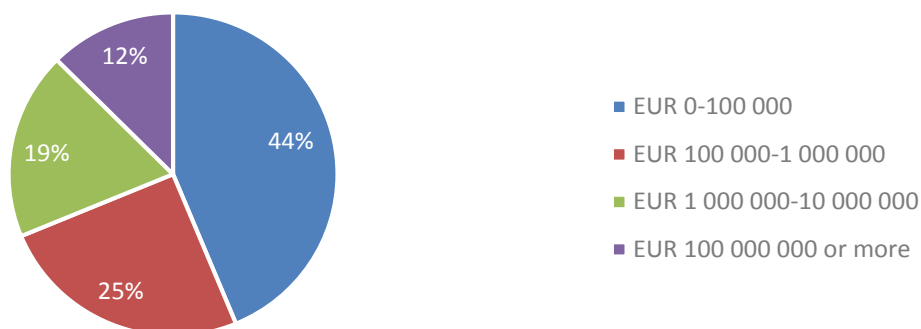
## 3.3 Expenditure

### 3.3.1 Total expenditure

The total expenditure of the Belgian R&I-oriented foundations in this research amounted to EUR 420 681 951 in 2012. As previously mentioned, the amounts spent per foundation are quite different and the distribution is very unbalanced. The two highest spending foundations account for more than 98 % of the total amount reported (see Figure 15).

**Figure 15: Total expenditures by categories in Euros, 2012**

As a percentage of the total number of foundations (N=16)

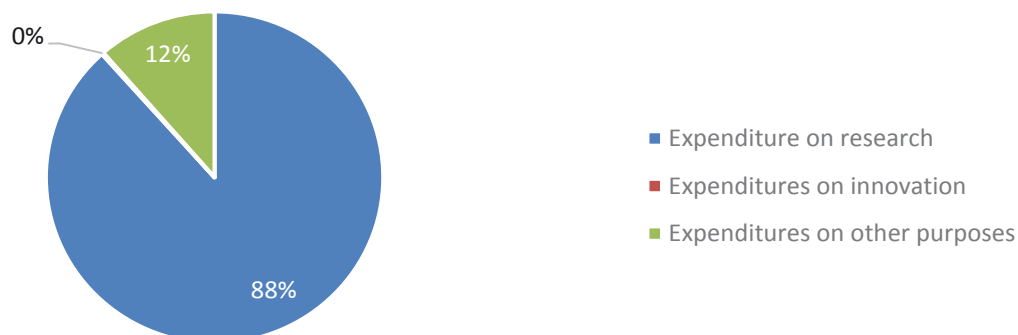


Statistics Expenditure	
Number of foundations	16
Mean in Euros	26 292 228
Median in Euros	307 703
Total income in Euros	420 675 645

The largest share of the expenditure reported (88 %) served research purposes (see Figure 16), another 0.2 % (barely visible in the figure) went to innovation, and 11.5 % of their expenditure was used for other purposes.

**Figure 16: Distribution of total expenditures by research, innovation and/or other purposes, 2012**

Amount and percentage of total known expenditures (N=14)



Statistics Expenditure	
Expenditure on research	368 966 019
Expenditure on innovation	758 567
Expenditure on other purposes	47 884 695
Unknown	3 066 364
<b>Total expenditure</b>	<b>420 675 645</b>

### 3.3.2 Research

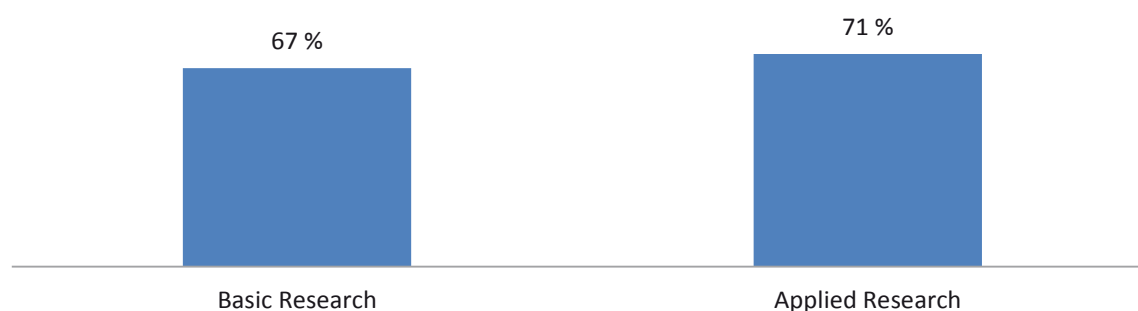
Supporting research is clearly the most important activity for the foundations in this report. Almost their entire budget goes on research-related activities. These activities can relate to basic research or to applied research.

Half of the foundations in the EUFORI study reported on R&I activities and expenditure. The expenditure on basic research ranged from 2 % of the total expenditure (1 foundation) to 100 % (4 foundations). The expenditure on applied research varied from 10 % (3 foundations) to 100 % (4 foundations). The total of both types of expenditure ranged from 10 % (2 foundations) to 100 % (4 foundations). Two foundations claimed not to know their expenditures; two foundations chose not to communicate on this matter.

In terms of the number of foundations, basic and applied research are more or less equally popular (see Figure 16). However, there is a huge difference between the amounts spent on these types of research. Almost all research expenditure went on basic research (99.8 %). The number of foundations involved in applied research is, however, slightly bigger (15 vs 14) than the number involved in basic research. The reason for this imbalance is probably because the highest spending foundations give large amounts to basic research. Smaller foundations are forced to limit themselves to smaller budgets for applied research.

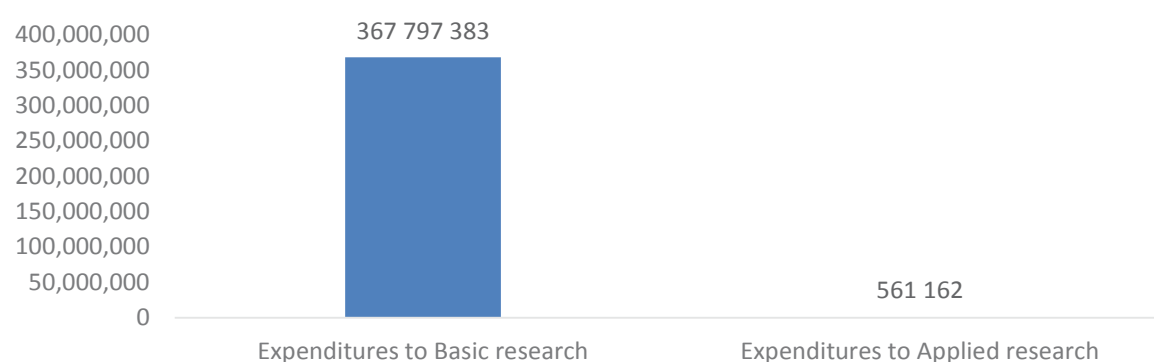
**Figure 17: Distribution of expenditure on research; basic vs applied**

As a percentage of the total number of foundations (N=21)



**Figure 18: Total expenditure on research; basic vs applied, 2012**

Amounts in Euros (N=20)



Research grants accounted for almost all of the foundations' research expenditure in 2012: 94.2 % of their expenditure was devoted to research grants, and 5.7 % to their own operating costs. A very small share (0.02 %) is spent on other areas. The relatively small amount in terms of operating costs can be most probably be explained by the fact that the largest share of the money spent on research is donated by only two foundations. The foundation that spends the most money is alone responsible for almost 60 % (58.5 %) of all the money donated by the foundations in this survey. The two largest foundations together spend 98.2 % of their total budget.

Expenditure on research goes almost entirely (99.7 %) directly to research. This represents an total of EUR 149 302 068. Research-related activities only account for 0.3 % (or EUR 458 352).

### 3.3.3 Innovation

Innovation when compared to research – as shown in Figure 14 – is considered less important for the foundations. An total of EUR 758 567 was spent on innovation by the Belgian foundations in this report. This is – compared to the expenditure in the field of research – an extremely modest amount, representing only 0.2 % of the budget spent on R&I activities in 2012.

The amounts spent on innovation are significantly lower than the amounts spent on research. This results in another cost breakdown other than the one previously described. Only two foundations reported fig-

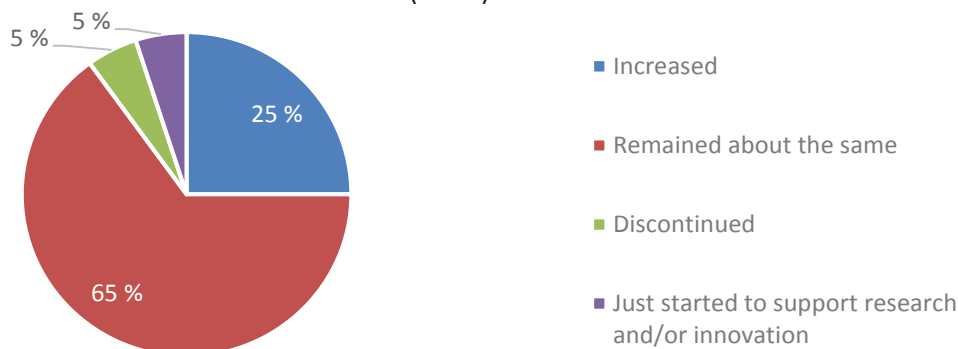
ures as to what they invested in innovation. Their efforts led to a combined investment of EUR 490 638. From this amount, 88 %, or EUR 432 122, goes on grants. Their own operating costs were reported to be covered by the remaining 12 % (EUR 58 516). The higher percentage of money spent on their own operating costs seems logical, given the much lower amount of money spent on grants. The operating costs do not differ considerably: their share is bigger if the overall amount is smaller. The difference between the two amounts is, however, striking. The smallest amount awarded in grants is three times smaller than the largest one (25 % vs 75 %). The smallest amount of their own operating cost is, however, 61 times lower than the highest cost. One explanation could be that the true operating costs of the relatively smaller activities in innovation were not calculated separately.

### 3.3.4 Changes in expenditure

In 2012, most of the Belgian foundation (13, or 65 %) in this study remained at about the same level of expenditure as the previous fiscal year. Five foundations reported that the amount of money they could make available for research and innovation had increased, and one foundation reported that they had just started to report R&I activities. One foundation discontinued its R&I spending.

**Figure 19: Changes in expenditure on research and innovation compared to the previous fiscal year**

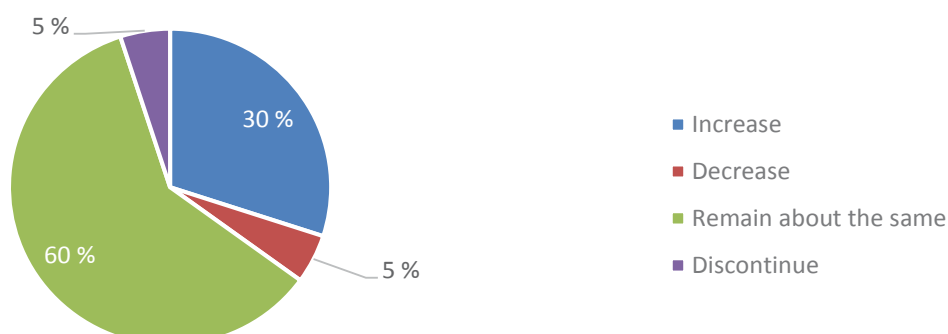
As a percentage of the total number of foundations (N=20)



The expectations for the near future are not that different from the experiences of the previous year. The same number of foundations that expected 2012 to be comparable to the previous year also expected the following year to be similar with regard to expenditure on R&I: 13 out of the 20 of the Belgian foundations involved in R&I activities expected the following year to be comparable to the current year. More than a quarter of the foundations (30 %, or 6 foundations) even expected an increase in means. One foundation expected to be able to spend less in the future.

**Figure 20: Expected changes in expenditure on research and innovation: the following year compared to the current year**

As a percentage of the total number of foundations (N=20)





## 3.4 Focus of support

### 3.4.1 Beneficiaries

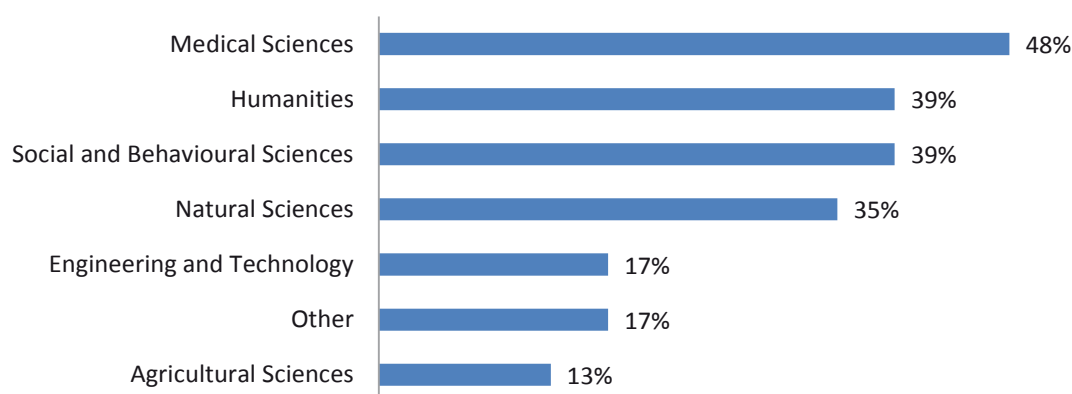
The survey question about beneficiaries was answered by very few respondents (N=5). Multiple answers were possible, but the information received was not reliable enough.

### 3.4.2 Research areas

Foundations can focus on several different research areas, thus multiple answers were possible to this question. A lot of foundations seemed to be multi-focus foundations. The 23 foundations responding gave a positive answer 44 times to the question as to whether they are involved in one of the seven possible fields.

**Figure 21: Research areas invested in, 2012**

As a percentage of the total number of R&I foundations, multiple answers possible (N=23)



Almost half of the foundations support medical science. The three most supported fields were medical science (11), the humanities (9), and social and behavioural science (9). Engineering and technology was acknowledged by only 4 foundations. Agricultural science was the most neglected field. Only three of the foundations indicated their support for agricultural science.

### 3.4.3 Research-related activities

Only 10 foundations answered the question on research-related activities. Half of the respondents mentioned their involvement in the dissemination of research results (see Figure 22). Three of the respondents answered that they promote science communication, education, and civic society mobilisation and advocacy.

## 3.5 Geographical dimensions of activities

### 3.5.1 Geographical focus

The questions on geographical distribution were barely answered. Two foundations reported, for example, that their expenditure on a national level is rather low (10 % and 30 %). One foundation ticked 90 % and five foundations 100 %. None of the other respondents answered this question. One foundation

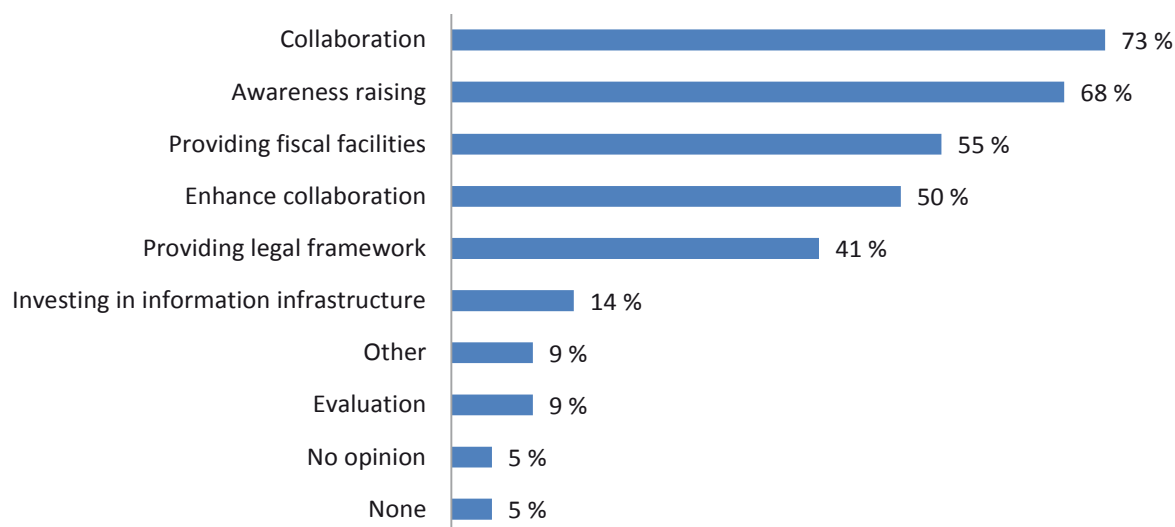
reported that 100 % of its expenditure was on a European Level, and one foundation ticked 100 % on an international level. As multiple answers are possible, this could have been the same foundation.

### 3.5.2 The role of the European Union

Whether or not they were involved in EU activities, the majority of the foundations saw at least one – and in most cases more than one – role in relation to foundations. The two most frequently mentioned roles were collaboration with other foundations in projects and awareness raising (see Figure 22). Other frequently answered categories were providing fiscal facilities and enhancing collaboration.

**Figure 22: The role of the European Union, 2012**

As a percentage of the total number of R&I foundations, multiple answers possible (N=22)

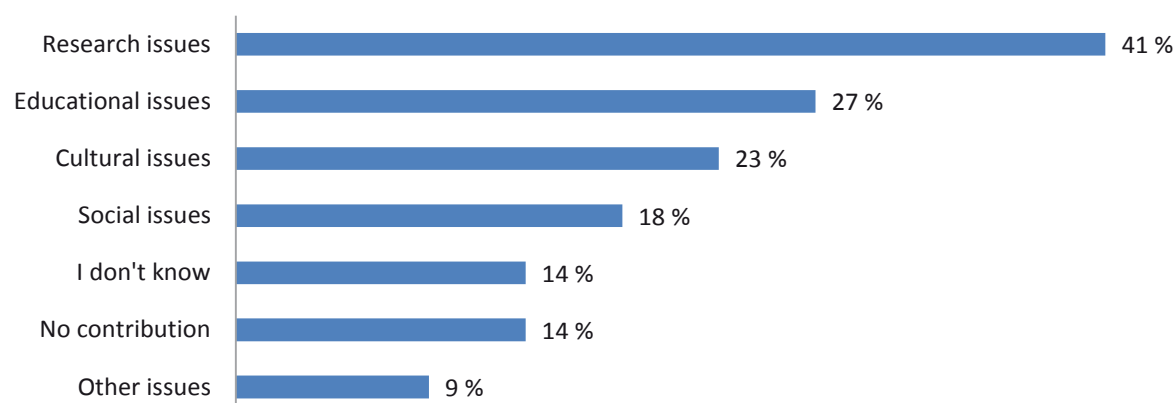


### 3.5.3 Contribution to European integration

The geographical focus of the allocation of expenditure did not have a significant impact on how the foundations assessed their own contribution to European integration (see Figure 23). Nearly all the respondents thought that their organisation's activities played some role in the development of Europe-wide co-operation in one or more fields. The number of answers was limited, although only 3 out of 22 foundations claimed not to play a role in European development.

**Figure 23: Contribution to European integration, 2012**

As a percentage of the total number of R&I foundations, multiple answers possible (N=22)



As one might expect from research on R&I, most R&I-oriented foundations felt that they could be influential in the field of research (8 out of 21 foundations). The next most frequently mentioned response categories were educational issues and cultural issues. ‘Social issues’ were addressed by only four foundations.

## 3.6 Foundations’ operations and practices

### 3.6.1 The management of foundations

As mentioned previously, it is most common that the Governing Board and its elected members define the annual strategy. In 8 cases, the Governing Board and its elected members made the decisions. Seven foundations reported that the original founder still made the annual decisions.

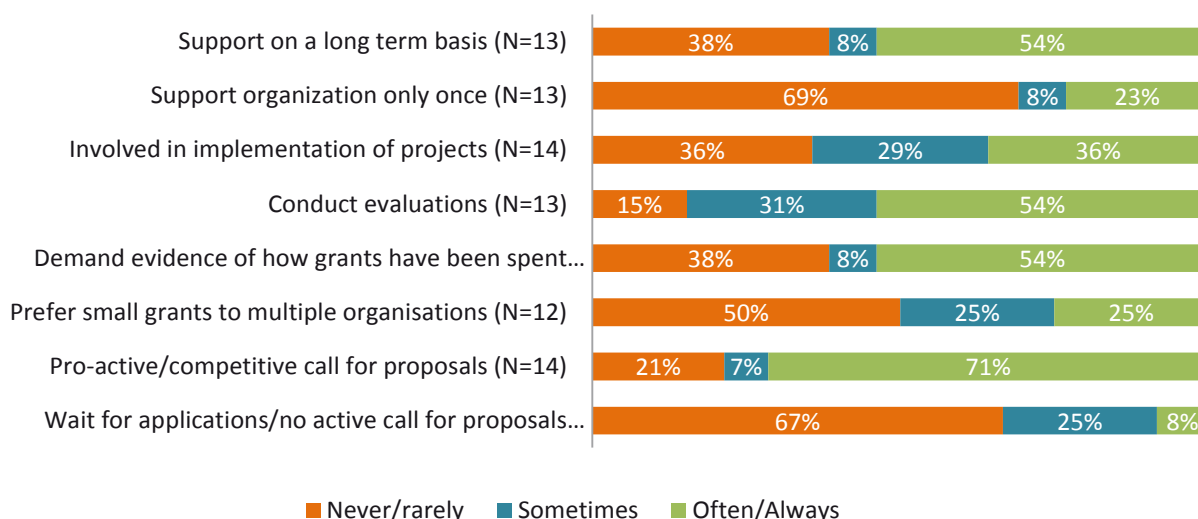
Slightly less than half of the foundations (16/33) reported employing paid staff. A comparable number of respondents (15/33) reported not employing people. As a result, it can be concluded that a significant share of Belgian foundations might lack the staff to manage the foundations in a professional manner.

### 3.6.2 How do grantmaking foundations support research?

The size and the staff of foundations are likely to have an impact on the selection of grantmaking methods. A proactive search for projects through competitive calls for proposals or otherwise is only possible if knowledgeable people (ideally experts in the specific field where the foundation operates and a competent support team) deal with them. The survey results – although not all that reliable given the limited number of answers – imply that there are Belgian grantmaking foundations which are very active in the call for proposals and are involved in the support of organisations.

**Figure 24: Daily practices of grantmaking foundations**

As a percentage of the total number of foundations

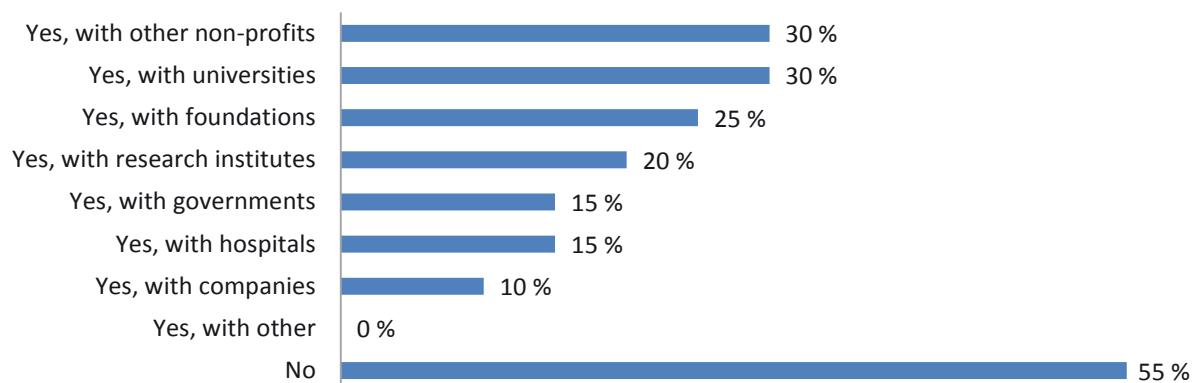


### 3.6.3 Engagement in partnerships

Despite the financial weakness of many foundations, almost half of the R&I-oriented foundations tried to work alone in 2012 (11/20); they did not engage in partnerships with any kind of potential partners (see Figure 25).

**Figure 25: Partnerships**

As a percentage of the total number of foundations, multiple answers possible (N=20)



The other 45 % (9) of foundations that answered the questions on partnerships indicated that they most commonly engaged in partnerships with other nonprofits and with universities. The reasons for engaging in partnerships varied, but the motivation given most (by 9 foundations) was to increase impact (6) and pool expertise (6), followed by increasing legitimacy (4) and pooling money due to the lack of necessary funds (4).

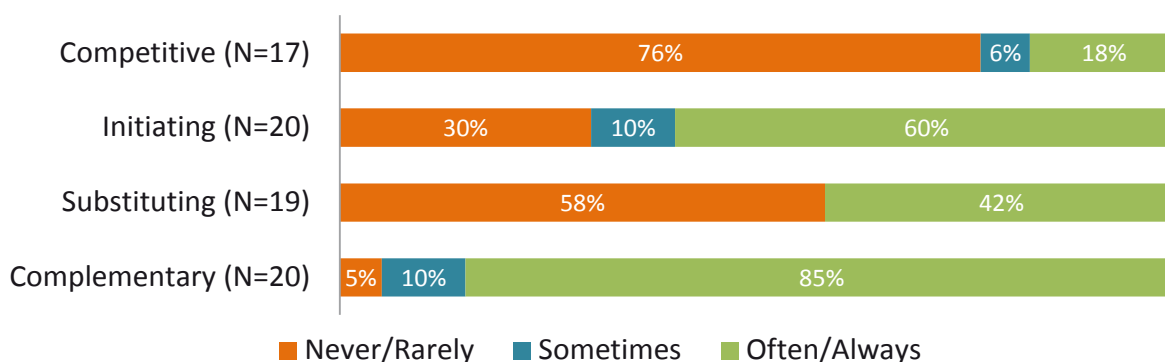
## 3.7 Roles and motivations

### 3.7.1 Roles

The roles the foundations saw for themselves were clearly not competitive, but rather complementary. Most respondents did not count competitive and substituting roles to be of great importance and considered themselves as playing a more important role in substituting and initiating activities. It was always between 4 and 12 foundations (out of 21) that indicated that they often or always played one of all the roles mentioned. The majority of the responding foundations claimed that they never (9) or rarely (2) behaved in a competitive way.

**Figure 26: Roles of foundations**

As a percentage of the total number of foundations by role



# 4 Innovative Examples

Five foundations identified as innovative are presented in this Chapter. The Bernheim Foundation, the Charcot Foundation and the P&V Foundation answered the EUFORI survey. The Vocation Foundation and the Fournier-Majoie Foundation were not identified by name in the data collected, as most foundations in the survey sample answered the questionnaire anonymously. These five examples proved to be innovative whether in their 'business model', the projects they led or gave grants for, or the partnerships they set up to achieve their mission.

## 4.1 Successful partnerships

The Bernheim Foundation was created in 1999, but was first conceived of in the mid-1970s by Emile Bernheim, who wanted to give back to the society the money he had earned during his career. In 1974, Emile Bernheim made his will along with statutes, in order to establish a foundation after his or his wife's death. In his will, he gives 'a rather humanistic vision of society, where the individual finds its fulfilment within the community, (...) to respond to their vocation, and social well-being, aware of the concepts of peace, citizenship, ... and with a transversal and multidisciplinary approach'. The vision defined by Emile Bernheim is broad enough to allow the foundation's management to let the mission of the foundation evolve according to its current needs and challenges, while still being consistent with the wishes of its founder. Today, the goals of the Bernheim Foundation are 'innovation, entrepreneurship, citizenship, peace; one can well imagine that things can be addressed according to the urgency of territoriality, a series parameters, they can be addressed differently'. One of the projects supported by the Bernheim Foundation, which is clearly identified as supporting innovation, fits well with the definition of an R&I Foundation: the 'Bernheim trainees'. Emile Bernheim, who lived through two world wars, was very sensitive about the concept of peace; he saw the European Building as an instrument of peace. For 10 years the Bernheim Foundation has supported the training of young people to the European Building through a traineeship of 10 months; two sessions of five months each at the Permanent Representation to the European Union and at the Ministry of Foreign Affairs, respectively. This partnership between the Bernheim Foundation and European Institutions is innovative: 'This project is unique because there is no other way for a young person who is bilingual, who graduated whatsoever and wants to make a ten-month internship with the European authorities, we are the only'.

The Vocatio Foundation is another example of an innovative partnership between different players. The objective of the Vocatio Foundation is to help young talented people by giving them financial support. The Foundation grants 15 annual scholarships of 10 000 Euros each. It grants 5 of these scholarships itself, and the 10 additional scholarships are granted by individuals, society, nonprofit organisations or other foundations. In the case of a scholarship granted by an individual, a link can be created between the funder (whether family, individual or enterprise) and the grantee, and the leverage effect is even more important as the individual supports the grantee not only through financial means, but also with his or her network,

knowledge and so on. The Vocatio Foundation has a 'strategic reflection' in order to have only a sponsored scholarship and to increase the amount granted. The innovation lies in the fact that the different types of players are funders (individuals, enterprises, foundations and so on) and that the model of the foundation is called to evolve with this type of custom-made partnership between the grantees and donors.

## 4.2 Innovative projects and/or initiatives that had a significant impact

The Charcot Foundation supports and funds multiple sclerosis research in Belgium. Belgian MS experts had noticed a lack of public financing regarding MS research. As they wanted to be as independent as possible from the pharmaceutical industry in terms of research topics and project selection, they created the Charcot Foundation: 'because the essence of a foundation is having an endowment, defining an objective and having a long-term vision'.

The short-term objectives of the research supported by the Charcot Foundation are to improve the efficacy of the treatments currently available, to reduce their adverse side effects and to explore the possibilities offered by 'therapeutic combinations', which are already being used successfully to combat other immunological disorders. The Charcot fund provides grants to basic research projects (97 projects funded in 25 years). However, the main distinctive action of the Charcot Foundation is the financing of clinical research projects. 'You know, basic research is not complicated to carry out, but clinical research... it's impossible! You need at least a one and a half million Euro budget! You have to be licensed, and there are a lot of administrative procedures'.

Over the past 25 years, the Charcot Foundation has financed three clinical research projects, the first of which studied mitoxantrone, a drug now approved for the treatment of some forms of MS. The second project, ASIIMS, tested the hypothesis that a combination of two treatments acting on complementary mechanisms might be more effective than either of the separate treatments. The third study, PIXAMS, is still in process and is focusing on a new molecule, pixantrone, which may be better tolerated than mitoxantrone. These studies have required considerable financial investment: EUR 1 325 000 for the ASIIMS project and EUR 893 000 in the case of PIXAMS.

'We finance the whole clinical research, but we also conduct and control the study at the scientific level. We rely on CRA, i.e. clinical research associates, which are companies that undertake clinical research for all pharmaceutical companies. We subcontract the clinical trials, but the scientific design, the follow up, and the writing and publishing of scientific reports, are done by the Foundation. The results are published in the name of the Foundation'.

## 4.3 Projects engaging the public's interest in research

The Foundation P&V supports active citizenship and combats the social marginalisation of young people. The promotion of active, committed participation from citizens, and more specifically young people, through concrete projects, means a certain democratic ideal can take shape. The aim is to inspire dignity and a willingness to fight for one's ideals in everyone, without exception, and to contribute to the building

of a fairer society. All the actions taken by the Foundation P&V are driven by the desire to bring people together, to promise that they will be listened to, and to help them turn their hopes and dreams into a reality.

The actions and operations of the Foundation P&V are based around four principles inspired by values associated with the social economy: solidarity, empowerment, citizenship and participation. In this way it intends to support active citizenship and to combat the social marginalisation of young people.

The Foundation P&V does not grant any subsidies. It initiates or works in cooperation with various actions. All the projects are organised on a three-year basis. Once the topic is defined in relationship to the mission of the foundation, the first step is dedicated to scientific research. The Foundation P&V carries out research on the chosen topic in collaboration with a researcher or a research centre. This first step helps to better understand the issue and to narrow down the subject. This first scientific step could also be based on a call for scientific papers related to the topic, and with a selection and review of the papers' proposals by a scientific committee. The selected papers are then presented during a conference or are the basis of a book published by the Foundation P&V.

The second step is the call for projects based on the results of the first scientific step. Only within the scope of these calls to projects can organisations put forward their application and be selected to receive financial support. A limited number of projects are then selected and granted for one year. The projects are continuously assessed by the foundation. At the end of the year, Foundation P&V organises a conference or publishes a book oriented towards the general public and politicians. Political recommendations are put forward to advance efforts already underway regarding the issue in question. 'We believe that our role ends here, as we are a small foundation'.

## **4.4 The introduction to the market of new products, methodologies, services and/or technologies.**

The Fournier-Majoie Foundation (FMF) practises venture philanthropy in the field of cancer research. Founded by Bernard Majoie, the former CEO of the French Laboratoires Fournier, the main objective of the FMF is to guide cancer research into medical practice. The FMF's mission is to recognise and support entrepreneurs and entrepreneurial researchers who are willing to develop solutions to significantly benefit cancer patients. To do this, the FMF has developed a support methodology based on venture philanthropy principles.

The process is divided into three steps: the scientific committee does the first screening, the investment committee makes the second assessment, and the Board of the Foundation makes the final decision. After six years based on calls for projects, the FMF has now launched an open call for proposals, thus increasing its organisational flexibility to deal with an unpredictable proposal pipeline. The FMF's added value lies in the non-financial support provided to the candidates from the very beginning of the proposal submission. Therefore, the open call allows the FMF to help the applicants from the start of the project. Mr Majoie explains: 'Our in-kind contribution is provided at the proposals analysis step, because we enter a discus-



sion with applicants. That's why we decided to move from a call for projects system to an open call. A call for a project has a deadline, and we noticed that nearly all applicants come with their project the day before the deadline. And this leaves no possibility to adjust and customise the project. On the contrary, the continuous open call allows a discussion with the projects' leaders, as long as the projects are submitted to the FMF, and I am convinced that we enrich the project, even if we decide in the end not to fund it. We dedicate a lot of time to the project leader, sometimes with his/her team in order to help with profiling the project, and most of all suggesting solutions to accelerate, reinforce and collaborate as systematically as possible'.

All funded projects have milestones and deliverables that are well defined in advance. Steering committees are organised a minimum of three times a year to review a project's progress with the project leaders, clinicians, FMF representatives and technology transfer officers.

The FMF offers multi-year financial support and is proactively looking for co-funding together with other grant organisations. Talking about a former project supported by the FMF, Mr Majoie explains: 'in some way, we have lead a "Panurge" operation. I think that the fact that the FMF decided to fund the project has a ripple effect on other potential investors'.

At the end of May 2013, the total grant amount allocated by the FMF was EUR 4 005 471. As FMF is practises venture philanthropy, the final aim is to obtain a repayment of the grant thanks to the revenue from the new product exploitation. Mr Majoie explains the principle: 'We make a grant of 100 %. Until we are 100 % repaid thanks to the operating income, we take 40 % of the profits. Then we go to 20 % until we the grant is repaid twice, then to 10 % until the grant has been repaid three times. And then, in order to make a long-term follow up to the project, we take 3 % until the expiration of the last patent. This principle depends anyway on the project's difficulty, on our investment in the project beyond financial support, and on the potential market. If this is a rare disease, for instance, then we know that we won't even have the first 100 % of the grant repaid. In this case, we diminish the requested return from 40 % to 20 %'. If the foundation succeeds in getting the expected repayments and returns, then this money will allow the funding of a greater number of high potential projects.

# 5 Conclusions

## 5.1 Main conclusions

Although few data on R&I foundations are currently available, this report shows that foundations are playing an increasingly important role in the R&I sector in Belgium. Nevertheless, the weight of the R&I sector is biased by two atypical foundations in Belgium. A large share of the money spent on research is indeed donated by foundations active with respect to the Flemish-speaking northern part of the country (FWO) and the French-speaking southern part (F.R.S.–FNRS). As described in Section 1.4, both foundations are mostly funded by government money but operate independently, relying on international expertise to select the funded projects. The rest of the foundation landscape involved in R&I activities is dominated by one foundation, the King Baudouin Foundation. The King Baudouin Foundation can be seen as good practice and a stepping stone for many smaller foundations. However, little is known about the sector as there is no systematic registration that can be used to monitor and evaluate the sector. The EUFORI study and the Baillet Latour Foundation-sponsored research on the larger foundation sector will be a much-needed and useful stage in further monitoring this sector.

## 5.2 Strengths and weaknesses of the R&I foundation sector in Belgium

### 5.2.1 Strengths

Generally speaking, the strengths of the foundation sector are their flexibility, their innovation potential, and their possibility to follow societal and scientific evolutions and challenges at a short range. Lacking the outside control which tends to slow down many government offices, they can easily adapt their activities to the changing environment (e.g. new scientific challenges, modifications in the market demand or in the content of calls for proposals) fairly.

Belgian foundations are no exception to the rule. As shown by the examples provided in Chapter 4, Belgian foundations are active innovation levers in the Belgian institutional landscape, through innovative methodologies, new partnerships and so on. Belgian foundations seem to be excellent partners to society in addressing societal concerns, although their activities are smaller scale and less visible than in other neighbouring countries. The atypical King Baudouin Foundation is a distinctive strength, as it enables smaller initiatives to operate in a viable and cost-efficient way within its framework. Contrary to foundations like the FWO and F.R.S., other foundations like the King Baudouin Foundation or the Foundation P&V (see 4.3) also engage in advocacy activities. They often use scientific research and expertise to give their advocacy activities a sound scientific basis.

### 5.2.2 Weaknesses

Little is known about foundations in Belgium. They are registered on some administrative databases, together with other types of organisation. However, these data are not aggregated, so it remains difficult to gain an exhaustive view of the sector and the covered missions and fields.

Until recently, the foundation sector in Belgium has been more or less invisible. This appears to be a hindrance for the further legitimisation of the sector and its role in addressing general interest missions. This situation makes it difficult for public authorities to control and regulate the sector, leaving room for the instrumental use of the foundation legal form. As far as the general public is concerned, people often have a negative perception of foundations, whether they are acting for R&I or not. The latter are considered not well-known enough, and the media often highlight the misuse of foundations.

A consequence of this lack of information about foundations is that the foundations themselves do not know each other very well. This makes partnerships between foundations more complex and hazardous. This may lead to scattershot financing and limit the leverage effect of R&I foundations in Belgium.

Another weakness is the flip side of one of the strengths. The independence and the flexibility of many foundations and their degrees of freedom in decision making make them more prone to quality loss in the selection of projects and to rely on a selection of privileged partners. The well-known foundations in the Belgian landscape all rely on scientific committees composed of experts in their related disciplines, but this is not the case for smaller foundations, which sometimes work in an amateurish manner. Although most foundations are aware that they have to become more professional, it is also difficult to find volunteers and pro bono experts who agree to be involved with foundations that have a low profile.

### 5.2.3 Opportunities

The foundation sector in Belgium is still new and is now entering its maturing phase. This gives rise to new developments and new opportunities.

The creation of the Belgian Network of Foundations is a recent development. Currently, about 80 foundations have joined the Network, either with public interest status or with private legal status. Their missions cover a wide range of areas. The network aims to create the right conditions in order to make philanthropy and the foundations sector flourish throughout the country. Experience and best practice are shared through workshops organised for the Network's members. This should allow grantmaking foundations to play a greater role as funding players for R&I.

New types of funding models have been developed, notably with the development of venture philanthropy or social impact bonds, as illustrated by the Fournier-Majoie Foundation or the Venture Philanthropy Fund at the King Baudouin Foundation.

Ongoing research by the Baillet Latour Chair at the University of Liège will shed light on the sector and enable the drawing of a more complete picture of the sector. The challenge for legislators and the scientific

world is how to register and develop a set of indicators and target values without hampering the sector. The growing knowledge of the sector may contribute to the development of a strategic approach to conduct R&I-supporting activities, based on a transversal assessment of previous R&I-supporting activities.

We should point out that the Belgian Network of Foundations is located in the same building as the European Foundation Center (EFC) and the European Venture Philanthropy Association (EVPA), known as the 'Philanthropy House' in Brussels. This proximity to other organisations dedicated to the deployment of foundations in Europe, notably through innovative methods, and in the European Union 'capital', may favour expertise and legitimacy transfers, and also access to policy and decision-making centres.

### 5.2.4 Threats

The fact that foundations like the King Baudouin Foundation supply a framework to enable smaller initiatives to operate in a viable and cost-efficient way within this framework can be considered one of the strengths of the Belgian foundation landscape. But this has a flip side: the King Baudouin foundation has, however, a de facto monopoly within the Belgian foundation landscape. It may be more difficult for new foundations appearing in the landscape and promoting alternative ways of action to develop and gain legitimacy.

Moreover, some players in the field consider that the 'facilities' provided by the KBF at a very affordable operating cost may impede more autonomous actions from independent funders. The KBF has huge experience and has developed a very efficient 'frame for action'. However, this frame may hamper innovative ways of supporting R&I that could be developed outside the KBF perimeter. The Fournier Majoie Foundation (see 4.4) is a good example of a very innovative process that has the potential for leverage and to transform research in oncology into beneficial drugs and treatments.

## 5.3 Recommendations

In our view, three main recommendations have emerged from this report; they refer to (1) the lack of data, (2) the structure of the Belgian foundation sector and (3) the professionalisation of the sector.

(1) The data on R&I foundations in Belgium are still incomplete and further effort should be made to advance knowledge on this sector. This entails the development of a comprehensive database on foundations in Belgium including not only descriptive information but also data on internal practices, tools or processes. This database should also provide detailed info about the mission fields and supported project types. This would allow more in-depth knowledge about R&I foundations in Belgium, as in other fields of activity. These data should also be enriched by a transversal qualitative assessment of the running and achievements of the existing R&I foundations.

(2) The second recommendation refers to the structure of the foundation sector in Belgium. The creation of the Belgian Network of Foundations was the first step in promoting interaction between foundations in Belgium. Nevertheless, the sector still lacks genuine collaboration between its members. The foundations do not know each other very well and have much to gain from sharing their practices, successes or failures. This could lead to co-solving partnerships which together address societal issues, and facilitate

the sector's development, for instance through matching partnerships or the pooling of human capital and expertise. More collaboration between R&I foundations would also allow new entrants to better position themselves in the field and potentially improve their impact. Moreover, collaboration between R&I foundations and other R&I players could also foster the development and efficiency of the R&I foundation sector. However, this entails the players in the R&I field to gain a better understanding of what Belgian R&I foundations are and (can) do.

(3) The third recommendation is related to the professionalisation of R&I foundations and the foundation sector in general. Belgian foundations are still facing the legitimacy issue. Therefore, a greater transparency of their practices, organisational structures and resources would certainly contribute to legitimising their supporting actions in the nonprofit sector and, as far as R&I foundations are concerned, in the overall research and innovation field in Belgium. The development of a set of indicators to evaluate their mission achievements and benchmark their actions could support this trend towards professionalisation. A greater visibility of R&I foundations could potentially lead to more funds dedicated to the research and innovation area. R&I foundations still have to strengthen their identity and better identify the unique role they can play in tackling social issues.

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